

CLEAN WATER ACTION

To: Chairman Patterson and members of the Senate Energy Policy & Public Utilities Committee
From: Susan E. Harley, Clean Water Action
Re: Testimony regarding Renewable Portfolio Standards
Date: June 3, 2008

Thank you very much Chairman Patterson and the rest of the Senate Energy Policy & Public Utilities Committee for allowing me the opportunity to provide testimony at this hearing regarding the necessity of an energy package that spurs investment in Michigan's clean energy future.

My testimony today reflects the priorities held by Clean Water Action's 235,000 Michigan members. Concerned citizens across the state have let us know that decreasing pollution and ensuring the safety of their families is of great importance to them. Our members are asking for you, the Senate Energy Policy & Public Utilities Committee, to require a strong RPS, to bring clean energy manufacturing jobs to Michigan, and to protect ratepayers from the huge costs of fossil fuels, both economic and environmental.

The energy package that the Michigan House passed in April is a good first step towards meeting the requirements of our members. However, the Senate has before it an excellent opportunity to improve the House energy package.

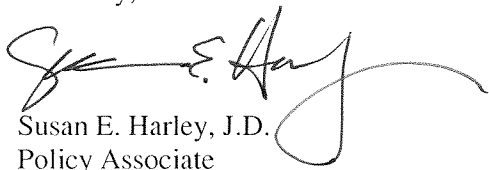
Clean Water Action offers the following comments specifically on Renewable Portfolio Standards (RPS):

- Although the 10% RPS by 2015 as passed by the House is a good first step, the RPS must be mandatory and it must eventually reach 25% by 2025. Moreover, interim standards must be structured to ensure immediate investment in renewable energy sources.
- The Michigan Public Service Commission (MPSC) should not be empowered to give utilities an "opt-out" from the mandate and there must be penalties for non-compliance.
- A renewable energy definition must include only clean energy sources and not any new polluting generation such as trash incineration or plasma arc gasification.
- Cost caps for renewable energy sources are not advisable. However, if cost caps are included in the energy package, they must be fairly allocated by amount of energy used—based upon volumetric rather than per meter calculations. Also, any cost estimations of the RPS should be net calculations which subtract the fuel savings and other costs avoided by investment in renewable energy sources.

This testimony only pertains to the RPS portion of an energy package. In addition to a strong RPS, a comprehensive energy package must rely heavily on energy efficiency programs, as they are the best way to meet new energy demand. Moreover, an Integrated Resource Planning process must be part of the ratemaking process to ensure that only the most reasonable and prudent ~~energy~~ new energy source is selected, after weighing all the costs of traditional, polluting power sources.

Thank you again for giving me this opportunity to speak on behalf of Clean Water Action's membership.

Sincerely,



Susan E. Harley, J.D.
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